

Message Text

LIMITED OFFICIAL USE

PAGE 01 TAIPEI 08336 170932Z
ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 INR-07 /024 W
----- 041289 /10
P 170915Z DEC 76
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC PRIORITY 2037

LIMITED OFFICIAL USE TAIPEI 8336

E.O. 11652: N/A
TAGS: ECON, TW
SUBJECT: ECONOMIC TRENDS

REF: STATE 301896

1. EMBASSY IS IN PROCESS OF PREPARING FORECAST OF ROC ECONOMY IN 1977. DISCUSSIONS WITH GROC OFFICIALS AND FOREIGN AND LOCAL BUSINESS AND FINANCIAL LEADERS ARE UNDERWAY, AND IT IS ANTICIPATED THAT REPORT WILL BE READY FOR SUBMISSION EARLY IN JANUARY 1977.

2. BASED ON DISCUSSIONS HELD TO DATE, IT IS LIKELY THAT THE DOWNTURN IN INDUSTRIAL PRODUCTION WHICH BEGAN IN THIRD QUARTER OF 1976 WILL CONTINUE THROUGH AT LEAST FIRST QUARTER OF 1977. RECOVERY AFTER THAT WILL DEPEND A GREAT DEAL ON CONDITIONS IN ROC'S MAJOR EXPORT MARKETS (US, JAPAN, WESTERN EUROPE).

3. OF MAJOR INDUSTRIES, TEXTILES APPEARS TO BE IN WORST SHAPE. INDUSTRY BLAMES PROBLEMS ON QUOTA RESTRICTIONS, MARKET SHIFT AWAY FROM ARTIFICIAL FIBERS AND LOW PRICES OFFERED BY BUYERS. INDUSTRY ALSO SUFFERING FROM HEAVY DEBT BURDEN CAUSED BY OVER-EXPANSION OF PLANT IN 1973 AND 1974 AND SLOW FLOW OF LOANS FROM THE BANKING SYSTEM.

4. SITUATION IN ELECTRONICS INDUSTRY IS MIXED. T.V. AND OTHER CONSUMER PRODUCTS MANUFACTURERS HAVE BEEN HIT HARD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 08336 170932Z

BY JAPANESE COMPETITION AND FALL-OFF IN ORDERS FROM U.S. AND EUROPE. THERE ARE FEW SIGNS THAT SITUATION WILL IMPROVE MUCH FIRST HALF OF 1977. COMPONENTS MANUFACTURERS WHO SUPPLY CONSUMER PRODUCTS COMPANIES ARE EQUALLY PESSIMISTIC. CERTAIN OTHER SECTORS OF INDUSTRY, HOWEVER, ARE BOOMING, PARTICULARLY LCD WATCHES AND T.V. GAMES.

5. ASSOCIATIONS REPRESENTING EXPORTERS OF MAJOR PROCESSED AGRICULTURAL PRODUCTS BELIEVE 1977 WILL BE A GOOD YEAR. MANY CANNERS REPORT ORDERS THROUGH MID-YEAR, WITH WESTERN EUROPE PARTICULARLY ACTIVE.

6. OUTLOOK FOR OTHER MAJOR INDUSTRIES, INCLUDING PLASTICS, CEMENT, MACHINERY, AND PLYWOOD, IS NOT KNOWN PENDING DISCUSSIONS WITH INDUSTRY LEADERS.

7. BEYOND MEASURES ALREADY ANNOUNCED, E.G., FURTHER REDUCTION OF INTEREST RATES, THERE IS NO INDICATION OF MEASURES GROC MAY BE PREPARING TO TAKE TO STIMULATE ECONOMY. ANTICIPATED TRADITIONAL YEAR-END INCREASE IN BANK CREDIT HAS NOT YET MATERIALIZED.
UNGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TAIPEI08336
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760464-0483
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761231/aaaabazg.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 301896
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by ShawDG>; APPROVED <22 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC TRENDS
TAGS: ECON, TW
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006